



**INTERNAL GUIDELINES  
ON  
CORPORATE GOVERNANCE**

**PNB HOUSING FINANCE LIMITED**

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## Summary of Version History

<b>Policy approved by</b>	Board of Directors
<b>Policy drafted by</b>	Company Secretary
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## **INTERNAL GUIDELINES ON CORPORATE GOVERNANCE**

### **I. INTRODUCTION**

The Board of Directors of PNB Housing Finance Limited (“Company”) has adopted the Internal Guidelines on Corporate Governance in terms of the Master Direction–Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 (“RBI Master Directions”). These guidelines provide for internal guideposts to maintain highest standards of Corporate Governance within the Company. These guidelines also encompass the requirements in terms of Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 (“RBI Scale Based Regulations”), SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), and such other applicable regulations and guidelines from time to time (collectively referred to as “applicable laws”).

### **II. APPROACH OF CORPORATE GOVERNANCE**

The Company practices a trustworthy, transparent, accountable, moral and ethical conduct, both internally and externally, and is committed towards maintaining the highest standards of corporate governance practices in the best interest of all its stakeholders, the highest standards of corporate governance in all its activities and processes. The Company has always believed in and practices the highest standards of corporate governance since its inception.

The Board recognises that governance expectations are constantly evolving and it is committed to keeping its standards of transparency and dissemination of information under continuous review to meet both letter and spirit of the law and its own demanding levels of business ethics. The Company believes that sound corporate governance practices are crucial to the smooth and efficient operation of a Company and its ability to attract investment, protect the rights of its stakeholders and provide shareholder value.

The Company believes that it not only has legal, contractual and social responsibilities, but also has obligations towards its non-shareholder stakeholders such as bankers, regulators, government agencies, employees, investors, creditors and customers, among others. The Company strives to ensure that all its stakeholders have access to clear, adequate and factual information relating to the Company.

### **III. GOVERNANCE OF THE BOARD AND ITS COMMITTEES**

The Board of Directors play a pivotal role in ensuring that the good corporate governance practices are followed within the Company. The Board of Directors along with its committees oversees the functioning of the Company and that of its management; and ensures that every decision taken is in the best interest of all the stakeholders of the Company.

The Board of Directors of the Company shall have an optimum combination of Executive, Non- Executive, Independent and Woman Directors, as per the Guidelines/ Regulations applicable to the Company from time to time. All the Directors shall meet the ‘fit and proper’ criteria as prescribed by the RBI. Directors to provide details to the Company as and when they become related to any other Director.

The Board shall have a regular Non-Executive Chairman elected by the Board and if the Chairman elected by the members is a Promoter Chairman, then at least half of the Board shall comprise of independent directors as required under SEBI LODR.

The Board ensures compliance of the Regulatory Guidance stipulated under the applicable regulatory provisions.

Indicative list of matters to be reviewed by the Board in terms of applicable Laws like Companies Act, RBI Master Directions & RBI Scale based Regulations, applicable SEBI Laws including SEBI Listing Regulations etc as amended from time to time **(Annexure-1)**

## **Appointment of Directors**

Any person who is to be appointed as the non-executive director of the Company shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the Company.

The Directors shall provide to the Company their consent and all the necessary forms, declarations and statements, and execute necessary documents like deed of covenants, undertakings, etc. at the time of appointment and re-appointment, in terms of the applicable laws, in the prescribed formats.

The Directors shall possess the requisite qualifications and experience in general corporate management, banking, finance, marketing, and other allied fields which enable them to enhance their contribution effectively to the Company in their capacity as Directors of the Company. Further, Directors will comply with the fit & proper criteria as defined in the Policy, on an ongoing basis.

Considering the need for professional experience in managing the affairs of the Company, at least one of the directors shall have relevant experience of having worked in a bank/ NBFC/ HFC.

## **Independent Directors**

Any person who has to be appointed/re-appointed as an Independent Director needs to be a member of 'Independent Directors Database' maintained by the Authority approved by Ministry of Corporate Affairs and has a valid registration certificate. He/she shall meet the criteria of independence, maintains optimum number of directorships, memberships and Chairmanships in terms of the applicable provisions of law, as amended from time to time and provide a declaration to the Company in this regard. Further, Independent director of the Company shall not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL) at the same time, in terms of the RBI Scale Based Regulations, as amended from time to time. Further, conflict of interest arising out of being a director in another NBFC to be avoided.

Independent Directors shall hold at least one meeting in a financial year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting. The independent directors in the meeting shall, inter alia-

- (a) review the performance of non-independent directors and the board of directors as a whole;
- (b) review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;
- (c) assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

The Company shall take appropriate steps to comply with the requirements of the provisions of the Companies Act, 2013, related Rules, RBI Master Directions, RBI Scale Based Regulations, SEBI (LODR) Regulations, and such other directions, guidelines or regulations applicable from time to time, for appointment/ re-appointment of a director. The Company shall make necessary disclosures in the Notice and explanatory statements that would be sent to the members of the Company for appointment/re-appointment of directors.

## **Familiarisation Program**

To familiarise the Independent Directors with the Company, the industry in which the Company operates, the business model, the roles, rights and responsibilities, and all other relevant information, the Company shall provide familiarisation programs. The Policy for Familiarisation Program is provided as **Annexure-2**.

## **Loans and advances to Directors**

The loans and advances, if any, to the directors or their relatives, any firms/companies in which directors or their relatives are interested shall be governed by the provisions of the Companies Act, its rules, SEBI laws, RBI Master Directions, RBI Scale Based Regulations and such other applicable statutory or regulatory guidelines.

## **Board Committees**

In terms of the applicable laws, the Board of Directors of the Company must constitute the following Committees and have terms of reference in place for each of such Committees:

### **a. Audit Committee (ACB)**

An Audit Committee shall be constituted by the Board in terms of the provisions of Section 177 of the Companies Act, 2013 read with Reg.18 of the SEBI LODR, Para 94.1 of the RBI Scale Based Master Directions and Para 50.1 of the RBI HFCs Master Directions, as amended from time to time.

The Company shall constitute a qualified and independent Audit Committee. The Audit Committee shall consist of not less than three directors and chaired by an Independent Director. All members of Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise. The Chairperson of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries. The Committee at its discretion shall invite the Chief Financial Officer, head of internal audit, Chief Compliance Officer, Chief Risk Officer, a representative of the statutory auditor and any other such executives to be present at the meetings of the committee:

The Audit Committee shall have the powers and duties conferred upon it by the applicable laws and such other duties, obligations and powers as might be delegated by the Board from time to time. The audit committee shall meet at least four times in a year and not more than 120 days shall elapse between two meetings. The terms of reference of the Audit Committee (ACB) are listed in **Annexure-3**.

The Committee shall inter alia also ensure that an Information System Audit (ISA) of the critical and significant internal systems and processes is conducted to assess operational risks faced by the Company.

### **b. Nomination and Remuneration Committee (NRC)**

A Nomination and Remuneration Committee shall be constituted by the Board in terms of the provisions of the Section 178 of the Companies Act, 2013 read with Reg.19 of the SEBI LODR, Para 94.2 of the RBI Scale Based Master Directions and Para 50.2 of the RBI HFCs Master Directions, as amended from time to time.

The Committee shall consist of atleast three non-executive directors with at least two third of the members shall be independent directors and chaired by an Independent Director. The Committee shall inter alia ensure fit and proper status of existing and proposed directors and that there is no conflict of interest in appointment of directors and their independence is not subject to potential threats. The NRC shall meet atleast once in a year. The terms of reference of the Nomination and Remuneration Committee shall be as per **Annexure-4**.

The Company shall have a Board approved Nomination & Remuneration Policy to provide a framework for the nomination and remuneration of the Directors, Key Managerial Personnel (KMP), members of Senior Management and other employees of the Company to harmonize the aspirations of human resources consistent with the goals of the Company in keeping with the requirements of the Regulations. The Policy also takes into account the compensation aspects and broader governance principles espoused under the Company law and similar legislations. The Board approved NRC policy is placed as **Annexure- 4(a)**.

The Policy shall provide for ascertaining the fit and proper criteria for the directors at the time of appointment and on a continuing basis. The Board approved fit & proper criteria for Directors is placed as **Annexure-4(b)**.

Further, the NRC shall follow the guidelines on compensation of Key Managerial Personnel, control and assurance function personnel and Senior Management including the components and risk alignment, composition of fixed pay and Variable pay, proportion and deferral of variable pay, structures, guaranteed bonus, malice/claw back provisions, etc.

### **c. Risk Management Committee (RMC)**

Risk Management Committee shall be constituted in terms of Regulation 21 of SEBI LODR, Para 50.3 of the RBI Master Directions and Para 95 of the RBI Scale Based Directions.

The Committee shall comprise of majority of directors and chaired by an Independent Director. The RMC shall be responsible for evaluating the overall risks faced by the Company including liquidity risk and shall report to the Board. The Company shall have a Chief Risk Officer (CRO) with clearly specified roles and responsibilities and the CRO shall possess adequate professional qualification & experience in the area of risk management. The appointment, role and responsibilities, functions, termination/removal, etc. shall be governed by the RBI Master Directions and the RBI scale based Directions and all other applicable laws as amended from time to time, which has been specified in the Risk Management Policy.

The terms of reference of Risk Management Committee is placed as **Annexure-5**.

#### **d. Corporate Social Responsibility (CSR) Committee**

The CSR provisions are applicable to the Company as per Section 135 of the Companies Act, 2013 and CSR Committee shall be constituted by the Board consisting of three or more directors, out of which at least one director shall be an Independent Director.

The Company also shall have Board approved CSR Policy containing the approach, directions and guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan. Terms of reference of the Corporate Social Responsibility (CSR) Committee is placed as **Annexure- 6**.

#### **e. Stakeholders Relationship Committee (SRC)**

The Stakeholders Relationship Committee shall be constituted in terms of the provisions of section 178(5) of the Companies Act, 2013 and regulation 20 of SEBI LODR consisting of a Chairperson who shall be a non-executive director and such other members as may be decided by the Board.

The SRC shall consider and resolve the grievances of security holders of the Company viz., shareholders, debenture holders and other security holders. The SRC shall meet at least once in a year. The terms of reference of the SRC are provided in **Annexure-7**.

#### **f. Information Technology Strategy Committee (ITSC)**

IT Strategy Committee shall be constituted by the Board to ensure IT governance and to benchmark to best practices in Information Technology, Information Security (IT/IS) framework, Business continuity plan(BCP), Disaster Recovery (DR) Management, IT audit, etc. The Chairman of the Committee shall be an Independent Director and the Chief Information Officer & Chief Technology Officer should be a part of the Committee. The IT Strategy Committee should meet at an appropriate frequency but not more than six months should elapse between two meetings.

The Committee shall work in partnership with other Board committees and Senior Management to provide input to them. ITSC shall also carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance. The deliberations of the ITSC may be placed before the Board. The terms of reference of the ITSC is placed as **Annexure-8**.

#### **g. Credit Committee of the Board (CCB)**

The Credit Committee of the Board shall be constituted to receive or consider credit or any other proposals falling beyond the powers of the top management of the Company, as authorised by the Board from time to time. The terms of reference of the Credit Committee is placed as **Annexure-9**.

#### **KEY MANAGERIAL PERSONNEL (KMP)**

The Company shall have the Key Managerial personnel duly appointed by the Board in terms of the NRC Policy of the Company and in terms of the applicable provisions of the Companies Act 2013, related rules, SEBI LODR and Para 97 of the RBI Scale based Directions and Para 52A of the RBI Master Directions.

Except for directorship in a subsidiary, the KMPs shall not hold any office in any other NBFC-ML or NBFC-UL in terms of the RBI Scale Based Regulations.

#### **IV. GENERAL GOVERNANCE GUIDELINES**

##### **a. Prior approval of regulators as per applicable Master Directions**

The Company shall obtain prior approval of the Regulatory Authority for the following, in terms of RBI Master Directions/ Scale Based Regulations, as applicable to the Company from time to time, duly following the process/guidelines as amended from time to time:

- (i) Any takeover or acquisition of control of a housing finance company, which may or may not result in change of management;
- (ii) Any change in the shareholding of the Company, including progressive increases over time, which would result in acquisition/ transfer of shareholding of 10 % or more of the paid-up equity capital of the Company by/to a foreign investor OR

Any change in the shareholding of the Company, including progressive increases over time, which would result in acquisition/ transfer of shareholding of 26 per cent or more of the paid-up equity capital of the Company;

The prior approval would not be required in case of change in shareholding beyond the above limits, as applicable, due to buyback of shares/ reduction in capital as per approval of a competent Court. However, such change shall be reported to the NHB not later than one month from the date of its occurrence.

- (iii) Any change in the management of the Company which would result in change in more than 30 per cent of the directors, excluding independent directors. However, prior approval would not be required in case of directors who get re-elected on retirement by rotation.

##### **b. Appointment of Statutory Central Auditors/ Statutory Auditors**

The Company shall have the policy for appointment of Statutory Central Auditors/ Statutory Auditors and adhere to the instructions contained in circular issued by the Regulator(s) in this regard from time to time.

##### **c. Policies**

The Company shall adopt such policies, as may be required to adopt under the Companies Act, 2013, SEBI Regulations, RBI Directions/ circulars issued from time to time and applicable to the company, and such other laws and regulations as may be applicable. The policies adopted will be reviewed by the Board/ Board Committee, as the case may be, from time to time.

##### **d. Regulations applicable for the Company in Upper Layer**

The Regulatory instructions specified in the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time, shall be followed by the Company in addition to the regulatory instructions applicable in middle layer.

##### **e. Code of conduct to regulate, monitor and report trading by Designated Persons**

In terms of the Regulation 9(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('SEBI PIT Regulations'), the Company has adopted a Code to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with SEBI PIT Regulations. The said Code of conduct is placed as **Annexure-10** in these guidelines.

The said Code aims to preserve the confidentiality and prevent the misuse of any unpublished price sensitive information and to put in place a policy for prohibition of insider trading on the basis of unpublished price sensitive information. All designated persons and immediate relatives thereof shall be bound by the SEBI PIT Regulations and the said Code.

**f. Responsible Advocacy:**

The Company believes that it is necessary to represent and engage with stakeholders including authorities on the evolving dynamics to remain relevant in the business, ensure business continuity and de-risking. After careful consideration and with an intent towards sustainable & inclusive growth in changing paradigms from time to time, the Institution may offer opinions and recommendations to the stakeholders on these matters through a structured route/mechanism.

In this regard, the Company has a 'Policy on Responsible Advocacy', which specifies various guidelines to be followed by all employees, relevant contractors engaged by the Company and all partners & associates in all advocacy activities with internal and external stakeholders.

The Policy on Responsible Advocacy is placed as **Annexure-11** in these guidelines.

**V. DISCLOSURES AND TRANSPARENCY**

The Company is committed to make adequate disclosures based on the principles of transparency, timeliness, fairness and continuity. The Board of Directors and employees of the Company shall ensure and make necessary disclosures to the Company, the Regulator(s) / Statutory Authorities, the shareholders, Investors, Members or other stakeholders as may be required by the applicable laws and the codes / policies of the Company.

The Company shall put up to the Board of Directors, at regular intervals, the progress made in putting in place a progressive risk management system and risk management policy and strategy followed and conformity with corporate governance standards viz., composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

The Company shall also make the following disclosures in the Annual financial statements:

- a. registration/ license/ authorisation, by whatever name called, obtained from other financial sector regulators;
- b. ratings assigned by credit rating agencies and migration of ratings during the year;
- c. penalties, if any, levied by any regulator/ supervisor/ enforcement authority;
- d. information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries; and
- e. Asset-Liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, exposure to real estate, exposure to capital market, structured products issued by them as also securitization/ assignment transactions and other disclosures, as required under the RBI Master Directions and RBI scale based regulations.

The Company shall also make disclosures with regard to conformity with corporate governance standards viz., composition of the Board and its various committees, their role and functions, periodicity of the meetings, general body meetings, details of any non-compliance with the requirements of the Companies Act, 2013, details of penalties and strictures, breach of covenants of loans availed or debt securities issued and divergence in asset classification and provisioning, compliance with coverage and review functions, etc., in terms of the applicable Laws from time to time.



The Company shall submit necessary information, reports and statements to the statutory and regulatory authorities in terms of the applicable laws, in the prescribed formats, by prescribed mode and within the prescribed period.

The Company shall furnish to the NHB a quarterly statement on change of directors, and a certificate from the Managing Director of the Company that fit and proper criteria in selection of the directors has been followed. The statement must reach NHB within 15 days of the close of the respective quarter. The statement submitted by the Company for the quarter ending March 31, should be certified by the auditors. Further, in case of no change in the directors during a quarter, a 'Nil' statement should be submitted.

Apart from the above, the Company shall follow the internal guidelines on corporate governance in letter and spirit and shall publish such guidelines on the company's website, for the information of various stakeholders.

**VI. REVIEW OF THIS POLICY**

In case of any amendment (s), clarification (s), circular (s) etc. issued by the statutory and regulatory authorities, not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail and this Policy shall stand amended to that extent. The above guidelines shall be reviewed annually and brought in conformity with the applicable statutory and regulatory requirements.

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**MINIMUM INFORMATION TO BE PLACED BEFORE BOARD OF DIRECTORS**

(As per Schedule III of the SEBI LODR Regulations)

- A. Annual operating plans and budgets and any updates.
- B. Capital budgets and any updates.
- C. Quarterly results for the listed entity and its operating divisions or business segments.
- D. Minutes of meetings of audit committee and other committees of the board of directors.
- E. The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- F. Show cause, demand, prosecution notices and penalty notices, which are materially important.
- G. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- H. Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- I. Any issue, which involves possible public, or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- J. Details of any joint venture or collaboration agreement.
- K. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- L. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- M. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- N. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- O. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Apart from the above all such information and reports those are required to be placed as per the applicable statutory and regulatory provisions shall also be placed to the Board at such intervals.

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**FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

(Pursuant to Regulation 25(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) as amended)

**PREAMBLE**

As per Regulation 25(7) of the LODR, PNB Housing Finance Limited (the “Company”) is required to devise a Familiarisation Programme for Independent Directors (the “Programme”) to familiarise its Independent Directors with the Company, the industry in which it operates, its business model, their roles, rights and responsibilities, and all other relevant information.

**INITIAL FAMILIARISATION**

At the time of appointment of Independent Directors, they will be provided with a formal letter of appointment incorporating their role, duties and responsibilities, terms of remuneration, and performance evaluation process. They will be advised to refer to the Company’s website for reviewing the Company’s incorporation documents, Code of Conduct of Directors and various policies adopted by the Company from time to time. The Independent Directors will be briefed by the senior management of the Company regarding the organization structure, services, group structure and subsidiaries, board procedures, matters reserved for the Board, and other major risks and risk management strategies. Such programmes provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand Company’s strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.

**ONGOING FAMILIARISATION**

As a part of its ongoing familiarisation Programme, the Independent Directors of the Company will be continually briefed and updated by the Board of Directors about the business activities of the Company, changes in its business environment, performance review, business strategy, risks involved, competition in the market, future outlook and key regulatory developments. They will be regularly provided with Annual Reports of the Company, business plans and other materials relevant to evaluate the performance of the Company. Independent Directors will also have the freedom to interact with the Company’s management and with the senior leadership team of the Company and can seek all information as may be necessary for performance of the duties.

**REVIEW**

The Board shall review this programme and make appropriate revisions as may be required from time to time.

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### **TERMS OF REFERENCE OF AUDIT COMMITTEE**

[The terms of reference of the Audit Committee (ACB) are as per section 177 of the Companies Act, 2013, as per Regulation 18(2) and 18(3) read with Part C of Schedule II of SEBI LODR Regulations and RBI Master Directions applicable to HFCs.]

#### **A. General:**

Audit Committee of the Board (ACB) assists the Board in fulfilling its oversight responsibilities for the financial reporting process to all stake holders including regulatory authorities and public at large. It oversees the system of internal control, the audit process, and company's process for monitoring compliance with laws and regulations and pursuing established code of conduct.

#### **B. Financial statement:**

Reviews financial statements as prepared by the Company before submission to the Board including changes, if any, in accounting policies and practices and reasons for the same.

- a. matters required to be included in the director's responsibility statement in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013,
- b. changes, if any, in accounting policies and practices and reasons for the same;
- c. major accounting entries involving estimates based on the exercise of judgment by management,
- d. significant adjustments made in the financial statements arising out of audit findings,
- e. compliance with listing, other legal requirements relating to financial statements,
- f. disclosure of any related party transactions,
- g. modified opinion(s) in the draft audit report;
- h. reviewing, with the management, the quarterly financial statements before submission to the board for approval.

#### **C. Audit and internal controls:**

- ACB reviews and monitors the Auditors' independence, performance and effectiveness of audit process. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Evaluation of internal financial controls and risk management systems.
- It reviews functioning of internal audit, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- It reviews findings of any internal investigations by the internal auditors into matters of suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- It reviews internal audit reports relating to internal control weaknesses.
- Review major finding based upon inspection conducted by NHB, advise on the Management's response to NHB and oversee implementation of major inspection findings.
- To ensure that Information System Audit of the critical and significant internal systems and processes is conducted at least once in a year to assess operational risks faced by the HFC.
- It reviews compliance of the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and verify that the systems for internal controls are adequate and are operating effectively.

#### **D. Appointment of auditors, CFO, Head IA**

- It recommends appointment, remuneration and terms of appointment of statutory and internal auditor. It approves payment to statutory auditors for any other services rendered by the statutory auditors.
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc.
- It recommends appointment, removal and terms of remuneration of the Head internal audit.

#### **E. Related Party Transactions:**

- As per Related Party Policy, it gives approves and monitors related party transactions.
- It reviews (at least on a quarterly basis) the details of related party transactions entered into pursuant to the omnibus approvals given.

## **F. Fraud Monitoring**

- Review of fresh frauds of all individual cases involving ₹25 lakh or more, reasons, system deficiencies, measures to strengthen systems and processes etc. (Remarks as per RBI Master Direction)
- To monitor all the frauds involving an amount of ₹1 crore and above, recovery and progress (Remarks as per RBI Master Direction).

## **G. Compliance Function monitoring**

(RBI's circular - Compliance Function and Role of Chief Compliance Officer (CCO) - NBFCs dated April 11, 2022 (RBI/2022-23/24 Ref.No.DoS.CO.PPG./SEC.01/11.01.005/2022-23)

- To review compliance risk at the prescribed periodicity, in terms of the Compliance Policy of the Company and a detailed annual review [Clause 4.1 and 4.2 (ii)]
- To review observations of non-compliance presented by the Compliance Department on a periodic basis [Clause 4.3]
- To review and approve the selection of new incumbent for the position of CCO [Clause 7 (vii)]
- To review the performance appraisal of CCO [Clause 7 (ix)]
- Quarterly meetings with the CCO in the absence of Senior Management and MD&CEO [Clause 7(ix)]

## **H. Others**

- To review the functioning of whistle blower mechanism.
- To scrutiny of inter-corporate loans and investments.
- To review of statement of uses / application of funds raised through public issue, rights issue, preferential issue, etc.
- To review of quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- To review of annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7).
- To look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders.
- To review utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rs 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
- To review the management discussion and analysis of financial condition and results of operations.
- To discharge any other duties or responsibilities as may be prescribed by the law or as may be delegated to the Committee by the Board from time to time.

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## **TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE**

[The terms of reference of the Nomination and Remuneration Committee (NRC) are as per section 178 of the Companies Act, 2013, as per Regulation 19(4) of SEBI LODR Regulations read with Part D of Schedule II and RBI Master Directions for HFCs.]

### **A. Appointment of directors and senior management:**

- It shall identify persons who are qualified to become directors, recommend to the Board their appointment and removal.
- It shall ensure that there is no conflict of interest in appointment of directors and their independence is not subject to potential threats. It shall ensure 'fit and proper' status of proposed/existing directors. (RBI Master Direction)
- For the appointment of an independent director, it shall evaluate the balance of skills, knowledge and experience on the Board, prepare a description of the role and capabilities required of an independent director. For identifying suitable candidates, it may use the services of an external agencies, consider candidates from a wide range of backgrounds, having due regard to diversity and consider the time commitments of the candidates. (SEBI LODR 19 (4)).
- To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- It shall recommend to the Board appointment/removal of persons for senior management position as per laid down criteria. It shall ensure 'fit and proper' status KMPs and senior management. (RBI Master Direction)

### **B. Remuneration of directors, senior management and employees**

- It shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- The Nomination and Remuneration Committee shall, while formulating the policy ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- It shall oversee the framing, review and implementation of compensation policy of the company for approval of the Board. It may work in close co-ordination with Risk Management Committee to achieve effective alignment between compensation and risks. (RBI Master Direction)
- To ensure that compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP). (RBI Master Direction)
- Recommend payment of Managing Director, Whole-time Director remuneration.
- Recommend to the board all remuneration, in whatever form, payable to senior management.
- Recommend Employees Stock Options Schemes of the Company.
- Grant of ESOP schemes/ other methods as approved.

### **C. Board evaluation and Board diversity**

- It shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- It shall devise a policy on diversity of Board of Directors

### **D. Others**

- Review cases of material breach of code of conduct by an employee.
- To discharge any other duties or responsibilities as may be prescribed by the law or as may be delegated to the Committee by the Board from time to time.

**NOMINATION AND REMUNERATION POLICY FOR THE DIRECTORS, KEY  
MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES**

**I. PREAMBLE**

The objective of Nomination and Remuneration Policy is to provide a framework for the nomination and remuneration of the Directors, Key Managerial Personnel (KMP), Members of Senior Management and other employees of the Company to harmonize the aspirations of human resources consistent with the goals of the Company in keeping with the requirements of the Regulations. The Policy also takes into account the broader governance principles espoused under the Company law and similar legislations.

The primary objectives of this Policy are as under:

- a) To formulate the criteria for determining qualifications, competencies, attributes and independence for appointment of a Director (Executive and Non-Executive) and recommend to the Board policy relating to the remuneration of the Directors, KMPs, Members of Senior Management and other employees;
- b) To formulate the criteria for evaluation of performance of all the Directors on the Board;
- c) To ensure that the level and composition of remuneration is in line with other companies in the industry, sufficient to attract and retain right talent at all levels and keep them motivated enough to meet the organizational objectives.
- d) To ensure that a reasonable balance is maintained in terms of composition of remuneration (fixed and variable component).
- e) To have performance measurement parameters in place to assess the overall performance of Directors, KMPs, Members of Senior Management and other employees.

Based on the above objectives and broad parameters set herein, the Board of Directors of the company have approved this Policy.

**II. DEFINITIONS**

- (i) "Board" means Board of Directors of the Company.
- (ii) "Directors" means Directors of the Company.
- (iii) "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- (iv) "Company" means PNB Housing Finance Limited.
- (v) "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013 and rules.
- (vi) "Key Managerial Personnel" (KMP) means -
  - a. the Managing Director & CEO or the manager and in their absence, a Whole-time Director;
  - b. the Company Secretary; and
  - c. the Chief Financial Officer
  - d. any person designated as key managerial personnel by the Board.
- (vii) Senior Management Personnel (SMP) shall mean and include the following:
  - a. Functional Heads;
  - b. Chief Risk Officer and Chief Compliance Officer; and
  - c. Any other position within the Company at the discretion of the MD & CEO in consultation with the NRC/Board.

**III. APPLICABILITY**

This Policy shall be applicable and act as a guiding principle with regard to nomination and remuneration payable by the Company to all Directors, KMPs, Senior Management and other employees of the Company.

#### **IV. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee (NRC) has been constituted as a Board Committee with composition, powers, functions and duties as laid down in section 178 of the Companies Act, 2013.

The responsibility of NRC has been detailed in its 'Terms of reference' as approved by the Board.

- a. The NRC will be constituted with 3 or more Non-Executive Directors of which at-least one-half should be Independent Directors.
- b. The Chairperson of the company can be a member of the committee but not chair the NRC.

**The following matters shall be dealt by the Committee:**

- a) **Size and composition of the Board:** The NRC shall periodically review the size and composition of the Board to ensure that it is structured appropriately to enable decision making, consist of people with desired skills to serve the best interest of the Company and its shareholders, as a whole;
- b) **Recommendation of Candidature of Directors:** NRC shall formulate the criteria for determining qualifications, attributes and independence of a Director and recommend suitable candidates to the Board;
- c) **Evaluation of Performance:** NRC shall carry out Board evaluation and present to the Board performance evaluation, recommend on training needs of the directors etc.
- d) **Remuneration framework and policies:** NRC shall review and recommend to the Board, the remuneration of the Managing Director & CEO, Whole-time Directors, Directors, KMPs, and Members of Senior Management as well as the remuneration policies applicable for the employees.
  - The NRC will work in close coordination with Risk Management Committee (RMC) of the company to achieve effective alignment between compensation and risks.
  - The NRC will ensure that compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on ICAAP.

#### **1. Policy for Appointment and Removal**

##### **a) Appointment criteria and qualifications**

- i. The Committee shall identify and ascertain the persons for appointment as Director, KMPs, Members of Senior Management and recommend to the Board his/her appointment, where applicable.
- ii. A person to be appointed as Director and KMP should in the opinion of the Committee be a person of integrity and possess adequate qualification, expertise and experience for the position he / she is considered for appointment.
- iii. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

##### **b) Term / Tenure**

- i. Managing Director & CEO/Whole-time Director: The Company shall appoint or re-appoint any person as its Managing Director & CEO or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- ii. Independent Director:
  - An Independent Director shall hold office for a first term up to three consecutive years on the Board of the Company and will be eligible for re-appointment for a second term of upto 5 years in terms of the prescribed provisions of Companies Act, 2013 as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.



**c) *Fit and proper***

The Committee will ensure 'fit and proper' status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management.

**d) *Removal***

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

**e) *Retirement***

The Managing Director & CEO, Whole-time Directors and KMPs shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Managing Director & CEO, Whole-time Directors and KMPs in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to applicable laws.

**V. REMUNERATION OF NON-EXECUTIVE / INDEPENDENT DIRECTORS**

- a) The key elements of remuneration of Non-executive/ Independent Directors are commission and sitting fees, subject to overall limit as prescribed in the Companies Act, 2013 and Rules made there under with the approval of the shareholders, as applicable. They shall be covered under the Directors and Officers Liability Insurance (D&O) Policy. The Independent Directors shall not be eligible for stock options.
- b) Since, the Non-executive/ Independent Directors collectively endeavour to ensure that the Company performs well and is compliant with applicable laws, rules, regulations and guidelines, the commission paid to them, shall be subject to the approval of the Board.

**VI. REMUNERATION OF WHOLE-TIME DIRECTORS**

- a) The Whole-time Directors/Managing Director are appointed on a contractual basis for a fixed tenure as approved by the shareholders and such contracts are renewable upon expiry of the tenure subject to recommendation by the NRC/ Board and approval of the shareholders.
- b) The remuneration paid to Whole-time Directors/ Managing Director is within the limits approved by the shareholders of the Company, which includes fixed salary, perquisites, variable pay in the form of commission, other benefits and allowances and certain retiral benefits, within the overall limit under Section 197 of the Companies Act, 2013. They are also eligible for stock options as per the scheme framed/ to be framed by the Company, from time to time.
- c) The Whole-time Directors/ Managing Director shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.
- d) Their annual increments shall be linked to their overall performance and as recommended by the NRC and approved by the Board.

**VII. REMUNERATION OF SENIOR MANAGEMENT, KMP AND OTHER EMPLOYEES**

- a) The compensation of Key Managerial Personnel (KMP) and senior management needs to be reasonable, recognizing all relevant factors including adherence to statutory requirements and industry practices. The compensation package may comprise of fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.
- b) The key components of remuneration package of the Senior Management and other employees of the Company shall comprise of basic salary, house rent allowance, transport allowance, meal coupon, telephone allowance, special allowance, contribution to National Pension Scheme fund,

performance bonus, contribution to provident fund, premium on medical insurance, term life and personal accident insurance, gratuity, leave travel allowance, leave encashment, housing/ other loans at concessional rate etc., as applicable and linked to their grade. They may also be eligible for stock options as per the scheme framed/ to be framed by the Company from time to time.

c) Principles for Fixed and Variable Pay Structures

- Composition of Fixed Pay:

i. All the fixed items of compensation, including the perquisites and contributions towards superannuation/ severance benefits, retirement benefits, will be treated as part of fixed pay.

ii. All perquisites that are reimbursable also form part of the fixed pay subject to statutory monetary ceilings.

iii. Monetary equivalent of benefits of non-monetary nature (such as free furnished house, use of company car, etc.) will also be part of fixed pay

- Composition of Variable Pay:

i. The variable pay may be in the form of cash, share-linked instruments, or a mix of cash and share-linked instruments in conformity with relevant statutory provisions and as approved by the Board.

ii. The proportion of variable pay in total compensation needs to be commensurate with the role and prudent risk-taking profile of KMPs/ senior management

iii. KMPs and senior management engaged in financial control, risk management, compliance and internal audit may be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role. Such personnel may have a reasonably higher proportion of fixed compensation.

iv. Not all the variable pay awarded after performance assessment may be paid immediately. Certain portion of variable pay, as decided by the Board, may be deferred to time horizon of the risks. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Deferral period for such an arrangement may be decided by the Board of the company.

- d) The remuneration, performance appraisal and rewards to Senior Management and other employees, shall be in line with the stated objectives.
- e) The annual increments for the Senior Management and KMP (other than Whole Time Directors) and other employees shall be linked to their overall performance and as recommended by the Managing Director and CEO in consultation with their reporting managers and Human Resources Department and approved by the NRC/ ACB/ Board (as applicable).
- f) Employees must conduct themselves to ensure that no breach of Code of Conduct, PNB Housing Share Dealing Code, Standard Operating Procedures (SOPs), Disciplinary Policy and all other relevant and applicable Codes is committed. Any such breach will have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.
- g) Guaranteed bonus - Guaranteed bonus will not be paid to KMPs and Senior Management. However, in the context of new hiring joining/sign-on bonus could be considered. Such bonus will neither be considered part of fixed pay nor variable pay.
- h) Malus and Clawback Provisions - Malus refers to the adjustment of awards prior to vesting and clawback refers to the return of previously paid or vested awards.

All performance-related deferred remuneration awarded to KMPs and members of Senior Management, including but not limited to any cash/ non-cash variable pay awards, is subject to malus and clawback. A signed undertaking or a contractual agreement is to be obtained from the employee to this effect.

Following is the set of representative situations in which malus and clawback can be invoked:

- When there is subdued or negative financial performance of the Company and/or relevant line of business. (The same has already been implemented in the remuneration structure)
- When an individual has personally acted dishonestly, or in a manner that adversely affects the Company's reputation, or which is characterized as a gross misconduct.
- When an individual is involved in directing an employee, contractor, or advisor to act dishonestly or to undertake other misconduct.
- When an individual breach their material obligation through error, omission, or negligence.
- When an individual has received a short term or long-term payout because of fraud, dishonesty or a breach of obligation committed by another person.
- Where significant financial or reputation loss is suffered by the Company owing to conduct or decisions of an individual.
- When it is proven that Company has suffered financial or reputation loss due to lack of due diligence on part of a decision maker.
- When it is established that an individual has taken a decision on behalf of the Company as per a quid pro quo arrangement.
- When performance is manipulated by breaching stipulated risk or prudential limits.

In the event of act of cause which comes to light, as per the malus or clawback clause—

- For an existing employee, the Company as per the discretion of the Nomination and Remuneration Committee may cancel the grant and/or proceed to pursue to recover from the employee an amount equivalent to the exercised options \* (market price on date of exercise minus exercise price) for up to 3 years from Date of Vesting and the concerned individual(s) is/are obligated to return the amount.
- For an employee no longer associated with the company, the company as per the discretion of the Nomination and Remuneration Committee may proceed to recover from the employee an amount equivalent to the exercised options \* (market price on date of exercise minus exercise price) for up to 3 years from the Date of Vesting and the concerned individual(s) is/are obligated to return the amount.
- The date of such breach shall be determined by the Nomination and Remuneration Committee, and its decision on this issue shall be final and binding on all concerned.

#### **VIII. DISCLOSURES IN THE BOARD'S REPORT**

The disclosures as required under the relevant provisions of the Companies Act, 2013, the rules made there under and the Listing Agreement shall be made with regard to the remuneration details of the Directors, KMPs, Senior Management and other employees.

#### **IX. POLICY REVIEW**

- a) This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013 and rules made there under, the Listing Agreements, the Securities and Exchange Board of India Act, 1992 and rules/regulations/ guidelines made there under, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.
- b) The NRC may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.
- c) The Policy shall be reviewed annually or at earlier intervals as may be deemed necessary. In the event of any conflict between the applicable provisions of law or any statutory enactment and the Policy, the provisions of law shall prevail over this Policy.

### Declaration and Undertaking by Director

Name of HFC: \_\_\_\_\_

**Declaration and Undertaking by Director** (with enclosures as appropriate as on  
\_\_\_\_\_)

<b>I. Personal details of Director</b>	
a. Full Name	
b. Date of Birth	
c. Education Qualifications	
d. Relevant Background and Experience	
e. Permanent Address	
f. Present Address	
g. E-mail Address/ Telephone Number	
h. Director Identification Number	
i. Permanent Account Number under the Income Tax Act and name and address of Income Tax Circle	
j. Relevant knowledge and experience	
k. Any other information relevant to Directorship of the HFC	
<b>II. Relevant Relationship of Director</b>	
a. List of relatives, if any, who are connected with the HFC (Refer Section 6 and Schedule 1A of the Companies Act, 1956 and corresponding provisions of Companies Act, 2013).	
b. List of entities, if any, in which he/she is considered as being interested (Refer Section 299(3)(a) and Section 300 of the Companies Act, 1956 and corresponding provisions of Companies Act, 2013).	
c. List of entities in which he/she is considered as holding substantial interest as defined in Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank of India) Directions, 2021.	
d. Name of HFC in which he/she is or has been a member of the Board (giving details of period during which such office was held).	
e. Fund and non-fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above from the HFC.	

<p>f. Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the HFC or any other HFC/ bank.</p>	
<p><b>III. Records of professional achievements</b></p>	
<p>a. Relevant professional achievements</p>	
<p><b>IV. Proceedings, if any, against the Director</b></p>	
<p>a. If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/ occupation at any time.</p>	
<p>b. Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations.</p>	
<p>c. Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director.</p>	
<p>d. Whether the director attracts any of the disqualifications envisaged under Section 274 of the Companies Act 1956 and corresponding provisions of Companies Act, 2013?</p>	
<p>e. Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?</p>	
<p>f. Has the director at any time been found guilty of violation of rules/ regulations/ legislative requirements by customs/ excise/ income tax/ foreign exchange / other revenue authorities? If so, give particulars.</p>	
<p>g. Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA, RBI, etc.</p>	
<p><b>(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in toto, it would be necessary to make a mention of the same, in case the reversal/ setting aside is on technical</b></p>	

reasons like limitation or lack of jurisdiction, etc. and not on merit. If the order of the regulator is temporarily stayed and the appellate/ court proceedings are pending, the same also should be mentioned.)

V. Any other explanation/ information in regard to items I to III and other information considered relevant for judging fit and proper

**Undertaking**

I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the Company fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.

I also undertake to execute the Deed of Covenant required to be executed by all the directors of the Company.

Place:

Signature

Date:

**Remarks of Chairman of Nomination and Remuneration Committee/ Board of Directors of HFC**

Place:

Signature

Date:

**Form of Deed of Covenants with a Director**

THIS DEED OF COVENANTS is made on this ..... day of ..... Two Thousand.....**BETWEEN** ..... having its registered office at ..... (hereinafter called the "HFC") of the one part and Mr./Ms. .... of ..... (hereinafter called the "Director") of the other part.

**WHEREAS**

A. The Director has been appointed as a director on the Board of Directors of the HFC (hereinafter called "the Board") and is required as a term of his/ her appointment to enter into a Deed of Covenants with the HFC.

B. The Director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his said terms of appointment.

**NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:**

1. The Director acknowledges that his / her appointment as director on the Board of the HFC is subject to applicable laws and regulations including the Memorandum and Articles of Association of the HFC and the provisions of this Deed of Covenants.
2. The Director covenants with the HFC that:
  - i) The Director shall disclose to the Board the nature of his/ her interest, direct or indirect, if he/ she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the HFC and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the Director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he/ she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
  - ii) The Director shall disclose by general notice to the Board his/ her other directorships, his/ her memberships of bodies corporate, his/ her interest in other entities and his/ her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.
  - iii) The Director shall provide to the HFC a list of his/ her relatives as defined in the Companies Act, 1956 or or the Companies Act, 2013 and to the extent the Director is aware of directorships and interests of such relatives in other bodies' corporate, firms and other entities.
  - iv) The Director shall in carrying on his/ her duties as director of the HFC:
    - a) use such degree of skill as may be reasonable to expect from a person with his/ her knowledge or experience;
    - b) in the performance of his/ her duties take such care as he/ she might be reasonably expected to take on his/ her own behalf and exercise any power vested in him / her in good faith and in the interests of the HFC;
    - c) shall keep himself/ herself informed about the business, activities and financial status of the HFC to the extent disclosed to him/ her;
    - d) attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his/ her obligations as director of the HFC;
    - e) shall not seek to influence any decision of the Board for any consideration other than in the interests of the HFC;
    - f) shall bring independent judgment to bear on all matters affecting the HFC brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;

- g) shall in exercise of his/ her judgement in matters brought before the Board or entrusted to him/ her by the Board be free from any business or other relationship which could materially interfere with the exercise of his/ her independent judgement; and
  - h) shall express his/ her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his/ her independent judgement;
- v) The director shall have:
- a) fiduciary duty to act in good faith and in the interests of the HFC and not for any collateral purpose;
  - b) duty to act only within the powers as laid down by the HFC's Memorandum and Articles of Association and by applicable laws and regulations; and
  - c) duty to acquire proper understanding of the business of the HFC.
- vi) The Director shall:
- a) not evade responsibility in regard to matters entrusted to him/ her by the Board;
  - b) not interfere in the performance of their duties by the whole-time Directors and other officers of the HFC and wherever the Director has reasons to believe otherwise, he / she shall forthwith disclose his/ her concerns to the Board; and
  - c) not make improper use of information disclosed to him/ her as a member of the Board for his/ her or someone else's advantage or benefit and shall use the information disclosed to him/ her by the HFC in his/ her capacity as director of the HFC only for the purposes of performance of his/ her duties as a director and not for any other purpose.
  - d) make declaration to the effect that:
    - i. he/ she has not been associated with any unincorporated body that is accepting deposits;
    - ii. he/ she has not been associated with any company, the application for Certificate of Registration (CoR) of which has been rejected by the National Housing Bank/ Reserve Bank of India;
    - iii. there is no criminal case, including for offence under section 138 of the Negotiable Instruments Act, against him/ her.
3. The HFC covenants with the Director that:
- i) the HFC shall apprise the Director about:
    - a) Board procedures including identification of legal and other duties of the Director and required compliances with statutory obligations;
    - b) control systems and procedures;
    - c) voting rights at Board meetings including matters in which the Director should not participate because of his/ her interest, direct or indirect therein;
    - d) qualification requirements and provide copies of Memorandum and Articles of Association;
    - e) corporate policies and procedures;
    - f) insider dealing restrictions;
    - g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
    - h) appointments of Senior Executives and their authority;
    - i) remuneration policy;
    - j) deliberations of committees of the Board, and
  - ii) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the HFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.
  - iii) The HFC shall disclose and provide to the Board including the Director all information which is reasonably required for them to carry out their functions and duties as a director of the HFC and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the Director by the Board or any committee thereof;
  - iv) the disclosures to be made by the HFC to the Directors shall include but not be limited to the following:
    - a) all relevant information for taking informed decisions in respect of matters brought before the Board;
    - b) HFC's strategic and business plans and forecasts;
    - c) organisational structure of the HFC and delegation of authority;
    - d) corporate and management controls and systems including procedures;
    - e) economic features and marketing environment;
    - f) information and updates as appropriate on HFC's products;



- g) information and updates on major expenditure;
  - h) periodic reviews of performance of the HFC; and
  - i) report periodically about implementation of strategic initiatives and plans.
- v) the HFC shall communicate outcome of Board deliberations to Directors and concerned personnel and prepare and circulate minutes of the meeting of Board to Directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and

*Note: It is clarified that circulation of minutes within two business days is not mandatory and provisions in the Companies Act, 2013 in this regard shall apply.*

- vi) advise the Director about the levels of authority delegated in matters placed before the Board.
4. The HFC shall provide to the Director periodic reports on the functioning of internal control system including effectiveness thereof.
5. The HFC shall appoint a compliance officer who shall be a senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of the Reserve Bank and National Housing Bank and other concerned statutory and governmental authorities.
6. The Director shall not assign, transfer, sublet or encumber his/ her office and his/ her rights and obligations as director of the HFC to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the HFC.
7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.
8. Any and all amendments and/or supplements and/or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the Director and the duly authorised representative of the HFC.
9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

**IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.**

For the HFC  
 By .....  
 Name:  
 Title:

Director  
 Name:

In the presence of:

1.....

**FIT & PROPER CRITERIA OF THE DIRECTORS**

**I. REGULATORY FRAMEWORK AND BACKGROUND**

In terms of the Master Direction – Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India on February 17, 2021, as updated from time to time, bearing reference number DOR.FIN.HFC.CC.No120/03.10.136/2020-21 (“RBI HFC Master Direction”), every Housing Finance Company (HFC) is required to put into place a policy for ascertaining the fit and proper criteria to be adopted at the time of appointment of directors and on a continuing basis. PNB Housing Finance Limited (“Company”), being an HFC, is accordingly required to put such a policy in place.

**II. SCOPE AND APPLICATION**

- a) The Policy shall apply in respect fit and proper criteria for the appointment of directors on the Board of Directors of the Company (“Board”) as well as continuation of the appointment of the directors on the Board.
- b) All existing directors on the Board will be required to submit the Declaration and Undertaking (as defined below) and execute the Director Covenant (as defined below).

**III. PURPOSE**

- a) The objective of the Policy is to set out the ‘fit and proper’ criteria based on which new directors proposed to be appointed and existing directors whose appointment is intended to be continued can be evaluated.
- b) The Company believes that this policy will aid the Company’s constant endeavor to ensure that only individual of high caliber and who possess the right blend of qualifications, expertise, track record and integrity are appointed to the Board.

**IV. EVALUATION OF FIT AND PROPER CRITERIA**

- a) Before appointing any person as a director on the Board or continuing the appointment of any such director, the Nomination and Remuneration Committee (NRC)/ Board shall undertake adequate due diligence in respect of such individuals to ascertain suitability on the basis of the qualification, expertise, track record, integrity of such individual and also such other factors in respect of which information is obtained by the Company in the Declaration and Undertaking.
- b) The Company shall prior to the appointment of any person as a director on the Board obtain necessary information and declaration from the proposed / existing directors for the purpose in the format to the RBI HFC Master Directions or such other format (where applicable) which may prescribe for the purpose by the NHB from time to time (“Declaration and Undertaking”). The Declaration and Undertaking in respect of the directors on the Board as on the Effective Date shall be obtained from the directors.
- c) The NRC/ Board shall scrutinize each Declaration and Undertaking received. The NRC shall after considering the result of its due diligence and the information provided in the signed Declaration and Undertaking, decide on and recommend to the Board the acceptance or otherwise of the potential new directors or existing directors whose appointment is to be continued or renewed, as the case may be.
- d) Without limiting the generality of the foregoing paragraphs, no person will be considered for appointment as a director if such person is disqualified to act as director under applicable law.

- e) In order to conclude that a person is 'fit and proper' to be appointed as a director on the Board or to continue in that capacity (as the case may be), the Board must be able to form a view that it would be prudent to conclude, on the basis of recommendations of the NRC/ Board, that:
  - i. the person meets the fit and proper criteria expressly set out by the RBI HFC Master Directions or such other or additional criteria (where applicable) which may prescribe for the purpose by the RBI from time to time.
  - ii. the person possesses the qualifications, competence, technical expertise, track record, integrity and judgement to perform properly the duties of a director on the Board;
  - iii. the person possesses the educational or technical qualifications, knowledge and skills relevant to the duties and responsibilities as a director on the Board;
  - iv. the person either:
    - i. has no conflict of interest in performing such person's duties as a director on the Board; or
    - ii. if the person has a conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform such person's duties properly and adequate disclosures are made by the person in this regard.
  
- f) The Company shall require every director on the Board to annually provide a simple declaration (reflecting the position as on 31<sup>st</sup> March) which either confirms that the information already provided to the Board in the Declaration and Undertaking has not undergone any change or where there is any change, specifies the requisite details of such change. Any declarations which indicate a change in the information provided in the original Declaration and Undertaking shall also be scrutinized by the NRC/Board and shall keep the Board apprised of any such changes.
  
- g) The Board shall ensure that any person who is appointed as director on the Board shall, on or before the date on which such person's appointment becomes effective, execute a deed of covenant in the format of the RBI HFC Master Direction or such other format (where applicable) which may prescribe for the purpose by the RBI from time to time ("Director Covenant"). The Director Covenant in respect of the directors on the Board as on the Effective Date shall be executed between the Company and such directors.

## **V. QUARTERLY REPORTING**

The Company shall provide a statement to the NHB on a quarterly basis (no later than 15 days from the end of every financial quarter) setting out the change of directors of the Company, if any, which statement shall be certified by the auditors of the Company and shall also be accompanied by a certificate of the Managing Director & CEO of the Company confirming that the fit and proper criteria in selection of such new directors has been followed.

## **VI. REVIEW**

The Board may amend, abrogate, modify or revise any or all clauses of this Policy in accordance with the applicable provisions of the laws, from time to time. However, amendments in the applicable provisions of law shall be binding even if not incorporated in this Policy. The Policy shall be reviewed annually or at earlier intervals as may be deemed necessary.

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**TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE**

(The terms of reference of the Risk Management Committee (RMC) are as per Regulation 21 of SEBI LODR Regulations read with Part D of Schedule II and RBI Master Directions for HFCs)

Risk Management Committee shall be responsible for evaluating the overall risks faced by the Company including liquidity risk.

**Risk Management framework and policy:**

- To approve a detailed risk management policy to include, framework for identification of internal and external risks faced by the company, including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk.
- To measure risk mitigation including systems and processes for internal control of identified risks.
- To periodically review the risk management policy, considering the changing industry dynamics, evolving complexity, regulatory changes, etc.
- To review enterprise level Business Continuity Plan (BCP).

**Risk Monitoring:**

- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company. To evaluate the overall risks faced including integrated risks, liquidity risk, cyber security, etc.
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken.
- To co-ordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board.
- To work in close co-ordination with NRC to achieve effective alignment between compensation and risks.
- To meet the CRO without the presence of the MD & CEO.
- To review material outsourcing and its half yearly review.
- To obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if required.

**Credit policy, Recovery policy and review:**

- To recommend credit policy for retail loans for approval by the Board considering RBI Master directions and other statutory requirements.
- To recommend policy for retail loan recovery and policy for re-structuring and one time settlement of loans to the Board considering RBI Master directions and other statutory requirements.
- To recommend policy for write off (partial or full) for impaired retail loan assets considering RBI Master directions and other statutory requirements.
- To review product performance against benchmark set of each product with regard to delinquency indicators, loss rates and policy exceptions approved on a half yearly basis.
- To approve any new product programs including any new target segments.
- To review retail loan MIS, to monitor portfolio performance, early warning indicators and collection efficiency on a quarterly basis.

**Appointments**

To review the proposal for appointment, removal and terms of remuneration of the Chief Risk Officer and recommend to the Board.

**Others:**

To discharge any other duties or responsibilities as may be prescribed by the law or as may be delegated to the Committee by the Board from time to time.

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**TERMS OF REFERENCE OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

[The terms of reference of the Corporate Social Responsibility (CSR) are as per section 135 of the Companies Act, 2013.]

**A. Approval of CSR Policy and annual action plan:**

- It recommends to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII and includes guiding principles for selection, implementation and monitoring of activities.
- Formulation of the annual action plan for CSR activities.
- Amendment in CSR Policy and CSR action plan as required under law and as per needs of the Company.

**B. Approval of CSR Budget and projects:**

- To approve annual CSR budget as per provisions of Companies Act, 2013.
- The amount of expenditure to be incurred as per approved annual action plan in pursuance of CSR Policy of the company.
- Approve the list of CSR projects or programs to be undertaken in areas or subjects specified in Schedule VII to the Act, manner of execution of such projects or programs as specified in rule 4(1) of CSR Rules, the modalities of utilisation of funds and implementation schedules for the projects or programs.
- To approve new CSR projects as per delegated powers.

**C. Implementation and monitoring of CSR Projects:**

- The modalities of utilisation of funds and implementation schedules for the projects or programs. The manner of execution of such projects or programs as specified in rule 4(1) of CSR Rules.
- To decide that the Company to take CSR activities through itself or through implementing agencies.
- Monitoring and reporting mechanism for the projects or programs.
- The need and impact assessment, for the projects undertaken by the company; and recommend changes, if any, needed in the action plan with reasonable justification.

**D.** To discharge any other duties or responsibilities as may be prescribed by the law or as may be delegated to the Committee by the Board from time to time.

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**TERMS OF REFERENCE OF STAKEHOLDERS RELATIONSHIP COMMITTEE**

[The terms of reference of the Stakeholders Relationship Committee (SRC) are as per section 178 of the Companies Act, 2013, as per Regulation 20 of SEBI LODR Regulations read with Part D of Schedule II and RBI Master Directions for HFCs.]

**A. Raising of fresh capital**

- As per Board mandate, to assess Management's recommendation for quantum of fresh capital, modes of raising capital and make suitable recommendations to the Board.
- As per Board mandate, appointment of Lead Managers, Bankers, Legal Advisors, Registrar's etc for fresh capital raise.
- Review of plans for investors meetings for fresh capital raise.

**B. Investor Relation:**

- Review and recommendation of Investor Relationship Policy of the Company to the Board.

**C. Allotment of ESOPs and RSUs:**

- Approval for allotment/issue of ESOPs/RSUs to employees.

**D. Others**

- Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, nonreceipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring time receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- Discharge any other duties or responsibilities as may be prescribed by the law or as may be delegated to the Committee by the Board from time to time.

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**TERMS OF REFERENCE OF IT STRATEGY COMMITTEE**

[The terms of reference of the IT Strategy Committee (ITS) are as per RBI Master Directions for HFCs.]

**A. Information Technology strategy, policy and processes:**

- Review of overall IT landscape and architecture in the organization. To review and approval IT annual expenditure plans (both operating and capital expenditure plan).
- To approve IT strategy and policy documents and ensure that the management has put an effective strategic planning process in place.
- To review and approve amendment to the IT strategies in line with the corporate strategies, cyber security arrangements and any other matter related to IT Governance.

**B. Implementation of IT strategy and goals:**

- To ascertain that management has implemented processes and practices and ensure that the IT delivers value to the business.
- To ensure that IT investments represent a balance of risks and benefits, and those budgets are acceptable.
- To monitor the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- To ensure proper balance of IT investments for sustaining growth and about exposure towards IT risks and controls.

**C. Outsourced operations:**

- To institute an effective governance mechanism and risk management process for all IT outsourced operations. To ensure that business continuity preparedness is not adversely compromised on account of outsourcing.
- To adopt sound business continuity management practices and seek proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis.
- To institute an appropriate governance mechanism for outsourced processes, comprising of risk-based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end-to-end manner.
- To define approval authorities for outsourcing depending on nature of risks and materiality of outsourcing.
- To develop sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements.
- Periodic review of outsourcing strategies and all existing material outsourcing arrangements in accordance with approved policies.
- To evaluate the risks and materiality of all prospective outsourcing based on the framework made by the Board.
- Review of effectiveness of policies and procedures and communication on periodic basis significant risks in outsourcing to the Board.
- To ensure that contingency plans have been developed and tested adequately.

**D. Others**

- To review implementation plans for new IT projects.
- To approve partners for IT projects implementation.
- Any other matter as may be prescribed by the law or as may be delegated to the Committee by the Board from time to time.

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**TERMS OF REFERENCE OF CREDIT COMMITTEE OF BOARD**

The terms of reference of the Credit Committee of Board (CCB) are as under:

**A. Corporate Loan Policies:**

To review the Credit Policy, Recovery policy and other policies for Corporate/ construction finance loans, in line with RBI Master directions and other statutory requirements, and recommend to the Board for approval.

**B. Fresh sanction of loans & other Corporate Loan proposals**

To sanction and approve all Corporate/ construction Finance Loans and high value retail housing and non-housing loans as per the authority delegated by the Board. To recommend all the proposals related to Corporate/ construction Finance to the Board for approval.

**C. Modification of terms of existing loans/re-structuring/OTS & Sale of impaired Corporate Loans as per the powers delegated by the Board from time to time**

- To approve modification of terms of existing Corporate/Construction Finance loans and restructure of existing corporate loans.
- To approve partial/ complete write off of Corporate/Construction Finance loans.
  - To approve/recommend technical write off of Corporate/Construction Loans.
- To approve one time settlement of Corporate/Construction Finance loans.
- To approve/ recommend sale of corporate loan assets including NPA to ARC/ other lenders within the RBI framework.

**D. Monitoring of loan portfolio:**

- To review of corporate loans portfolio and other credit MIS to monitor performance, early warning indicators, collection efficiency, progress and recovery of NPAs, etc. on a quarterly basis.
- To review progress in legal action taken for recovery.
- To give direction to Management for taking corrective measures/actions depending on the outcome of corporate loans portfolio review.
- Such other references made by the Board from time to time.

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**CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY  
DESIGNATED PERSONS**

(Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015)

**1. PREAMBLE**

PNB Housing Finance Limited ('the Company') is a public limited company incorporated on November 11, 1988 under the Companies Act, 1956 (Corporate Identity Number L65922DL1988PLC033856). The Company is registered as a Housing Finance Company with the National Housing Bank (NHB) under the NHB Act, 1987.

In terms of the Regulation 9(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('SEBI PIT Regulations'), the board of directors of every listed company shall ensure that the chief executive officer or managing director is required to formulate a code of conduct to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B to the aforesaid Regulations.

Pursuant to Regulation 9(1) of the of SEBI PIT Regulations, the Company hereby adopt this Code to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with SEBI PIT Regulations.

This Code aims to preserve the confidentiality and prevent the misuse of any unpublished price sensitive information and to put in place a policy for prohibition of insider trading on the basis of unpublished price sensitive information. All designated persons and immediate relatives thereof shall be bound by the SEBI PIT Regulations and this Code.

**2. DEFINITIONS**

The following words, expressions and derivations therefrom shall have the meaning assigned to them as under, unless the context otherwise requires:-

- a. **"Act"** means the Securities and Exchange Board of India Act, 1992;
- b. **"Board" or "Board of Directors"** means the board of directors of the Company;
- c. **"Code"** means this Code of Conduct to Regulate, Monitor and Report Trading by designated persons and immediate relatives of designated persons;
- d. **"Company"** means PNB Housing Finance Limited;
- e. **"Compliance Officer"** means the Company Secretary of the Company or any other person as may be appointed by the Board as such, who is financially literate and capable of appreciating requirements for legal and regulatory compliance;
- f. **"Connected Person" means**
  - (i) any person who is or has during the 6 (six) months prior to the concerned act been associated with the Company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a Director, officer or an Employee of the Company or holds any position including a professional or business relationship between himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to Unpublished Price Sensitive Information or is reasonably expected to allow such access.
  - (ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established,-
    - (a) an Immediate Relative of connected persons specified in clause (i) above; or

- (b) a holding company or associate company or subsidiary company; or
  - (c) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
  - (d) an investment company, trustee company, asset management company or an employee or director thereof; or
  - (e) an official of a stock exchange or of clearing house or corporation; or
  - (f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
  - (g) a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
  - (h) an official or an employee of a self-regulatory organization recognised or authorized by SEBI; or
  - (i) a banker of the Company; or
  - (j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of the Company or his Immediate Relative or banker of the Company, has more than 10% (ten percent) of the holding or interest;
- g. **“Director”** means a member of the Board of Directors of the Company;
- h. **“Designated Persons”** means
- (i) Board of Directors;
  - (ii) Promoters;
  - (iii) Key Managerial Personnel;
  - (iv) Functional heads and zonal heads;
  - (v) Employees Chief Manager and above and working at CSO (COPS and CPC are considered as part of CSO);
  - (vi) Executive secretaries/ assistants of Directors and Key Managerial Personnel;
  - (vii) Immediate Relatives of the persons specified in (i) to (vi) above; and
  - (viii) Such other persons who may be designated as such from time to time, by the Board of Directors or by the Compliance Officer in consultation with the Managing Director /Whole-time Director, for the purpose of this Code.
- i. **“Fiduciaries”** collectively to be referred as professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising to the Companies.
- j. **“Generally Available Information”** means information that is accessible to the public on a non-discriminatory basis;
- k. **“Immediate Relative”** means a spouse of a person, and includes parent, sibling and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in Securities;
- l. **“Insider”** means any person who is:
- (i) a Connected Person; or
  - (ii) in possession of or having access to Unpublished Price Sensitive Information;
- m. **“Promoter”** or **“Promoter Group”** shall have the meaning assigned to them under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- n. **“SEBI”** shall mean Securities and Exchange Board of India;
- o. **“SEBI PIT Regulations”** shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and every modification and amendment thereof;
- p. **“Securities”** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 or any modification thereof except units of a mutual fund;

- q. **“Takeover Regulations”** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
- r. **“Trading”** means and includes subscribing, buying, selling, pledging, dealing, or agreeing to subscribe, buy, sell, pledge, deal in any Securities, and "Trade", shall be construed accordingly;
- s. **“Trading Day”** means a day on which the recognized stock exchanges are open for trading;
- t. **“Trading Window”** means a trading period for trading in the Securities of the Company as specified by the Company from time to time;
- u. **“Unpublished Price Sensitive Information”** means any information, relating to the Company or its Securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the Securities of the Company and shall, ordinarily including but not restricted to, information relating to the following: –
  - i. financial results (quarterly/half-yearly/annually);
  - ii. dividends (interim/final);
  - iii. change in capital structure (issue of further Securities/buy-back etc.);
  - iv. mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
  - v. changes in Key Managerial Personnel.

Unless the contrary is apparent from context, words and expressions used and not defined in the Code, but defined in the Act, the SEBI PIT Regulations, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 as amended from time to time and rules and regulations made thereunder shall have the meanings respectively assigned to them in such legislations.

### **3. RESPONSIBILITIES OF COMPLIANCE OFFICER**

3.1 Subject to the supervision of the Board of Directors, the Compliance Officer shall be responsible for–

- a) Setting forth policies, procedures, monitoring adherence to the Code and SEBI PIT Regulations for the preservation of Unpublished Price Sensitive Information, approval and review of trading plans, pre-clearance of Trades and monitoring of Trades and implementation of the Code under the overall supervision of the board of director of the Company.
- b) Assisting and addressing all the clarifications of the Insiders, Designated Persons and their immediate relatives, with respect to the Code and the SEBI PIT Regulations.
- c) Obtaining disclosures from Promoters, member of Promoter Group, Key Managerial Personnel, Director and Designated Persons and to give information, in respect of such disclosures received, to all the Stock Exchanges where the Securities of the Company are listed, in accordance with the SEBI PIT Regulations.
- d) Maintaining and preserving all disclosures/undertakings and applications made under the Code.
- e) Regulating and monitoring the Trading Window of the Securities of the Company.
- f) Informing SEBI in case it is observed that there has been a violation of the Code.

3.2 The Compliance Officer shall report to the Board of Directors and in particular, shall provide reports to the Chairman of the Audit Committee or to the Chairman of the Board of Director at such frequency as may be stipulated by the Board of Directors, but not less than once in a year.

### **4. RESTRICTIONS ON COMMUNICATION OR PROCUREMENT OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

4.1 No Insider shall communicate, provide, or allow access to any Unpublished Price Sensitive Information, relating to the Company or Securities listed or proposed to be listed, to any person including

other Insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

4.2 No person shall procure from or cause the communication by any Insider of Unpublished Price Sensitive Information, relating to the Company or Securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

4.3 Any person in receipt of unpublished price sensitive information pursuant to a legitimate purpose shall be considered an insider for purposes of SEBI PIT Regulations and this Code and due notice shall be given to such person to maintain confidentiality of such unpublished price sensitive information in compliance with SEBI PIT Regulations.

4.4 Notwithstanding anything contained in the Code, any Unpublished Price Sensitive Information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:–

- i. entail an obligation to make an open offer under the Takeover Regulations where the Board of Directors of the Company is of the informed opinion that sharing of such information is in the best interests of the Company;
- ii. not attract the obligation to make an open offer under the Takeover Regulations but where Board of Directors of the Company is of the informed opinion that sharing of such information is in the best interests of the Company and the information that constitutes Unpublished Price Sensitive Information is disseminated to be made Generally Available Information at least 2 (two) Trading Days prior to the proposed transaction being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts.

4.5 For the purposes of sub-clause 4.4 above, the Board of Directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of sub-clause 4.4, and shall not otherwise Trade in Securities of the Company when in possession of Unpublished Price Sensitive Information.

## **5. INTERNAL CONTROLS SYSTEMS**

5.1 The Chief Executive Officer or Managing Director of the Company shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in the SEBI PIT Regulations. Such internal controls shall *inter alia* include the following:

- a) all employees who have access to unpublished price sensitive information are identified as designated persons;
- b) all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of the SEBI PIT Regulations;
- c) adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by the SEBI PIT Regulations;
- d) lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
- e) all other relevant requirements specified under these regulations shall be complied with;
- f) periodic process review to evaluate effectiveness of such internal controls.

5.2 Audit Committee of the Company shall review compliance with the provisions of the SEBI PIT Regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

5.3 The Company shall make employees aware of have a whistle-blower policy to enable employees to report instances of leak of unpublished price sensitive information.

5.4 If an inquiry has been initiated by the Company in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, the relevant Intermediaries and Fiduciaries shall be under obligation to co-operate with the Company in connection with such inquiry conducted by Company.

## **6. RESTRICTION ON TRADING WHEN IN POSSESSION OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

6.1 Save as provided in the Code and the SEBI PIT Regulations, no Insider shall Trade in Securities of the Company that are listed or proposed to be listed on a stock exchange, when in possession of Unpublished Price Sensitive Information.

6.2 When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

6.3 An Insider may prove his innocence by demonstrating the circumstances that trading done by him was not motivated by the knowledge or awareness of unpublished price sensitive information, *inter alia* as under:–

- a) the transaction was an off-market inter-se transfer between Insiders who were in possession of the same Unpublished Price Sensitive Information without being in breach of Para 4 above and both parties had made a conscious and informed trade decision.

However, such unpublished price sensitive information was not obtained under above Para 4.4 of this Code and such off-market trades shall be reported by the insiders to the Company within 2 (Two) working days. The Company shall notify the particulars of such trades to the stock exchange on which the securities are listed within 2 (Two) trading days from receipt of the disclosure or from becoming aware of such information.

- b) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of above Para 4 and both parties had made a conscious and informed trade decision;  
However, such unpublished price sensitive information was not obtained under above Para 4.4 of this Code.
- c) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- d) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- e) In the case of non-individual Insiders: –
  - i. that the individuals who were in possession of such Unpublished Price Sensitive Information were different from the individuals taking Trading decisions and such decision-making individuals were not in possession of such Unpublished Price Sensitive Information when they took the decision to Trade; and
  - ii. that appropriate and adequate arrangements were in place to ensure that the SEBI PIT Regulations are not violated and no Unpublished Price Sensitive Information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;

f) the trades were pursuant to a trading plan as set out in the Code.

6.4 In the case of Connected Persons, the onus of establishing that they were not in possession of Unpublished Price Sensitive Information, shall be on such Connected Persons and in other cases, the onus would be on SEBI.

## 7. PRESERVATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION

7.1 Insiders shall maintain the confidentiality of all Unpublished Price Sensitive Information. They shall, while in possession of any Unpublished Price Sensitive Information, neither Trade in the Securities of the Company on the basis of Unpublished Price Sensitive Information nor pass on such information to any person directly or indirectly by way of making a recommendation for Trading in Securities of the Company.

7.2 Access to Unpublished Price Sensitive information shall be on a “need-to-know” basis and no Unpublished Price Sensitive Information shall be communicated to any person. Any person in receipt of Unpublished Price Sensitive Information shall be considered an “insider” for purposes of SEBI PIT Regulations and this Code. A due notice shall be given to such persons *inter alia* for the following purposes:

- i. to maintain confidentiality of such unpublished price sensitive information in compliance with this Code and SEBI PIT Regulations.
- ii. to make him aware of the duties and responsibilities attached to the receipt of such Information; and
- iii. to made him aware about liability that attaches to misuse or unwarranted use of such information.

7.3 All information shall be handled within the Company on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

7.4 Files containing Unpublished Price Sensitive Information shall be kept secure. Computer files shall have adequate security of login and passwords, etc. Guidelines for maintenance of electronic records and systems may be prescribed by the Compliance Officer from time to time in consultation with the person-in-charge of the information technology function of the Company.

7.5 To prevent the misuse of Unpublished Price Sensitive Information, the Company adopts the “Chinese wall” policy which separates those areas of the Company which routinely have access to confidential information, considered “inside areas” from other areas or departments, considered “public areas”. Only specified persons are permitted to “cross the wall”.

7.6 Under the Chinese Wall policy:

- (i) The Employees in the inside area shall not communicate any Unpublished Price Sensitive Information to any one in public area;
- (ii) The Employees in the inside area may be physically segregated from Employees in public area;
- (iii) Demarcation of the various departments of the Company, as inside areas may be set up by the Compliance Officer in consultation with the Board of Directors of the Company;
- (iv) The Employees who are working within the inside area of the Chinese Walls have a responsibility to ensure that the Chinese Wall is not breached deliberately or inadvertently. Known or suspected breaches of the Chinese Wall must be referred to the Compliance Officer immediately;
- (v) The establishment of Chinese Wall shall be on such basis that, Unpublished Price Sensitive Information cannot be circulate freely within inside areas material.
- (vi) Only in exceptional circumstances, Employee(s) from the “public areas” may be permitted to “cross the wall” and provided with the Unpublished Price Sensitive Information on a “need to know” basis, subject to intimation to the Compliance Officer. In such cases, the Compliance Officer shall ensure that all necessary restrictions and provisions have been imposed on such Employee(s) for the protection of such Unpublished Price Sensitive Information.

## **8. PREVENTION OF MISUSE OF UNPUBLISHED PRICE SENSITIVE INFORMATION:**

### **A. TRADING PLANS**

8.1 An Insider shall be entitled to formulate a trading plan and present it to the Compliance Officer for approval and public disclosure pursuant to which Trade may be carried out on his behalf in accordance with such plan. The intimation on formulation of the trading plan may be given by the Insider to the Compliance Officer in the format specified in Annexure A hereto.

8.2 Such trading plan shall:–

- i. not entail commencement of Trading on behalf of the Insider earlier than 6 (six) months from the public disclosure of the plan;
- ii. not entail Trading for the period between the 20<sup>th</sup> (twentieth) trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second 2<sup>nd</sup> (second) Trading Day after the disclosure of such financial results;
- iii. entail Trading for a period of not less than 12 (twelve) months;
- iv. not entail overlap of any period for which another Trading Plan is already in existence;
- v. set out either the value of Trades to be effected or the number of Securities to be Traded along with the nature of the Trade and the intervals at, or dates on which such Trades shall be effected; and
- vi. not entail Trading in Securities for market abuse.

8.3 The Compliance Officer shall review the trading plan to assess whether the plan would have any potential for violation of the SEBI Regulation and/or the Code and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

Pre-clearance of trades shall not be required for a trade executed as per an approved trading plan and trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan

8.4 A trading plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any Trade in the Securities outside the scope of the trading plan.

8.5 The implementation of the trading plan shall not be commenced if any Unpublished Price Sensitive Information is in possession of the Insider at the time of formulation of the plan and has not become Generally Available Information at the time of the commencement of implementation. In such event the Compliance Officer shall confirm that the commencement ought to be deferred until such Unpublished Price Sensitive Information becomes Generally Available Information so as to avoid any violation of SEBI PIT Regulations or this Code.

8.6 Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges.

### **B. TRADING WINDOW**

8.7 All designated persons and their immediate relatives shall execute trade in the securities of the Company only if the trading window is open. The designated persons and their immediate relatives shall not trade in securities when the trading window is closed.

8.8 The trading window for trading in securities of the Company shall be closed for the following purposes:

- (i) Declaration of financial results (quarterly and annual), standalone and consolidated, of the Company;
- (ii) Intended declaration of dividends (both interim and final);

- (iii) Changes in capital structure;
- (iv) Change in Key Managerial Personnel;
- (v) Mergers, demergers, amalgamations, acquisitions, delisting, disposals, expansion of business and such other transactions; and
- (vi) for any other purpose as may be determined by the compliance officer.

8.9 In addition to the items specified above, the trading window shall also be closed when the Compliance Officer determines that a designated person(s) or class of them can reasonably be expected to have possession of Unpublished Price Sensitive Information. Such closure shall be imposed in relation to such securities to which such Unpublished Price Sensitive Information relates.

8.10 The trading window restrictions shall not apply in respect of:

- i. transactions specified in points (a) to (d) and (f) of para 6.3 and in respect of a pledge of shares for a bonafide purpose such as raising of funds, subject to pre-clearance by the compliance officer and compliance with the respective regulations made by the SEBI.
- ii. transactions which are undertaken in accordance with respective regulations made by the SEBI such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer or transactions which are undertaken through such other mechanism as may be specified by the SEBI from time to time.
- iii. Offer for Sale (OFS) and Rights Entitlements (RE) transactions carried out in accordance with the framework specified by SEBI from time to time.

8.11 In case of declaration of financial results, the Trading Window shall be closed during the period beginning after end of every quarter till 48 hours after the declaration of such financial results to stock exchanges. In all other circumstances, the time for commencement of closing of Trading Window shall be as determined by the Compliance Officer in consultation with the Board of Directors. The Compliance Officer after taking into account various factors including the Unpublished Price Sensitive Information in question becoming Generally Available Information and being capable of assimilation by the market, shall decide the timing for re-opening of the trading window, which however shall not in any event be earlier than 48 (forty-eight) hours after the information becoming Generally Available Information.

8.12 Trading Window may be closed by the Company during such time in addition to the above period, as may be deemed fit by the Compliance Officer.

### **C. PRE-CLEARANCE OF TRADES**

8.13 When the trading window is open, trading by designated persons and their immediate relatives shall be subject to pre-clearance by the Compliance Officer, if the value of the proposed Trade is above the threshold limit specified in Clause 8.15 below.

8.14 Designated persons and their immediate relatives intending to deal in the securities of the Company upto the threshold limit specified in Clause 8.15 below, may do so without any pre-clearance from the Compliance Officer.

8.15 In all other cases, they should take pre-clearance from the Compliance Officer for the transactions as per the pre-dealing procedure as provided hereinafter.

#### **Procedure for Pre-Clearance of Trades**

- i. An application for pre-clearance of Trade shall be made to the Compliance Officer in the format attached as Annexure B hereto, indicating the estimated number of securities that the designated person or their immediate relative making such application intends to deal in, the details as to the depository with which he/she has a security account and such other details as may be required by the Compliance Officer in this regard.
- ii. In case of the Compliance Officer intending to deal in the securities of the Company beyond the threshold limit specified in sub-clause 7.15 below, the pre-clearance of the Managing Director or in his absence, the Chairman of the Board, will have to be obtained.



- iii. The Compliance Officer shall grant approval within 2 (two) days from the date of receipt of application for pre-clearance.
- iv. The Compliance Officer shall retain copies of all applications and acknowledgements either in physical or electronic mode.
- v. Prior to approving any trade, the Compliance Officer shall be entitled to seek declaration to the effect that the applicant for pre-clearance is not in possession of any Unpublished Price Sensitive Information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
- vi. In exceptional circumstances consent may not be given if the Compliance Officer is of the opinion that the proposed deal is on the basis of possession of any Unpublished Price Sensitive Information. There shall be no obligation to give reasons for any withholding of consent.

8.16 The pre-clearance shall not be necessary, if the value of the securities traded, whether in one transaction or a series of transactions over a calendar quarter, aggregates to a traded value not in excess of Rs. 10,00,000/- (Rupees Ten Lakh Only).

8.17 The person who has obtained the pre-clearance, shall complete execution of their pre-cleared trades in respect of securities of the Company no later than 7 (seven) trading days after the approval of pre-clearance is given, failing which fresh pre-clearance would be required for the trades to be executed.

8.18 The person executing pre-cleared trades shall file within 2 (two) trading days of the execution of the Trade, the details of such Trade, with the Compliance Officer in the format set out in Annexure C of this Code. In the event such Trade is not executed, a report to that effect shall be filed with the Compliance Officer also in the format set out in Annexure C of this Code.

8.19 All the persons who are permitted to trade shall not enter into a contra Trade during the next 6 (six) months following the prior trade. However, this restriction shall not be applicable for trades pursuant to exercise of stock options.

8.20 In case the contra trade is necessitated by emergency, the Compliance Officer may waive the holding period after recording in writing reasons in this regard provided such waiver does not violate the SEBI PIT Regulations and the Code. Similarly in the case of emergency of trade by a Compliance Officer, the Compliance Officer may obtain the waiver from the Managing Director or in his absence, the Chairman of the Board, provided that such waiver does not violate the Code or the SEBI PIT Regulations. The application for waiver shall be made in the format prescribed in Annexure D hereto.

8.21 In case a contra Trade is executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.

## **9. DISCLOSURES**

9.1 Every person on appointment as a director or key managerial personnel of the Company or upon becoming a promoter or member of promoter group shall disclose his holding of securities of the Company as on the date of appointment or becoming a promoter, to the Company within 7 (seven) days of such appointment or becoming a promoter, in the format specified in Annexure E hereto.

9.2 Every promoter, member of promoter group, designated person and director of the Company shall disclose to the Company the number of securities acquired or disposed of within 2 (two) Trading Days of such transaction, if the value of the securities traded, whether in one transaction or a series of transactions

over any calendar quarter, aggregates to a traded value in excess of Rs. 10,00,000/- (Rupees Ten Lakh) or such other value as may be prescribed, in the format specified in Annexure F hereto.

9.3 The Company shall notify the particulars of such Trading to the stock exchange on which the Securities of the Company are listed within 2 (two) Trading Days from the receipt of such disclosure or becoming aware of such information.

The disclosure of the incremental transactions after any continual disclosure made under this Para, shall be made when the transactions effected after the prior disclosure cross the threshold specified in above Para 9.1.

9.4 Designated persons shall disclose the names and PAN or any other identifier authorized by law of the following persons to the Company on an annual basis and as and when the information changes:

1. Immediate Relatives
2. Persons with whom such Designated Persons shares a material financial relationship
3. Phone, mobile and cell numbers which are used by them.

*Note: Material Financial Relationship means a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer's annual income but shall exclude relationships in which the payment is based on arm's length transactions.*

In addition, the names of educational institutions from which Designated Persons have graduated and names of their past employers shall also be disclosed on a one time basis.

Designated persons shall provide an annual disclosure on details of transactions executed during the Financial Year in securities of the Company in the format as specified in Annexure H hereto.

9.5 The Compliance Officer of the Company may, at its discretion require any other Connected Person or class of Connected Persons to make disclosures of his/its/their holdings and trading in Securities of the Company in the format specified in Annexure G hereto, at such frequency as may be determined by the Compliance Officer in order to monitor compliance with the SEBI PIT Regulations.

9.6 The disclosures to be made by any person under the Code shall include those relating to Trading by such person's Immediate Relatives, and by any other person for whom such person takes trading decisions.

9.7 The disclosures of Trading in Securities shall also include trading in derivatives of Securities and the traded value of the derivatives shall be taken into account for purposes of disclosure. Provided that trading in derivatives of Securities is permitted by any law for the time being in force

## **10. PRESERVATION OF DISCLOSURES**

All undertakings, disclosures and applications made/submitted under the SEBI PIT Regulations shall be maintained by the Compliance Officer, for a minimum period of 5 (five) years.

## **11. PENALTY FOR CONTRAVENTION**

11.1 Any person who trades in securities or communicates, provides or allows access to any information for trading in securities in contravention of this Code, shall be penalized and appropriate action taken shall be taken against him/her by the Company. He/she shall also be subject to disciplinary action as deemed appropriate by the Board of Directors, which may include termination of services, suspension, wage freeze, withholding of promotions, termination of employment, recovery of money, clawback of money etc. or other such action as the Board of Directors may deem fit.

If it is observed by the Board of Directors that there has been violation of SEBI PIT Regulations, it shall inform SEBI promptly.

11.2 In addition to the action which may be taken by the Company, the persons violating the SEBI PIT Regulations or the Code shall also be subject to action under the SEBI Act and other applicable laws.

## **12. INTERPRETATION**

Any ambiguities, interpretative issues, difficulties will be resolved by the Board of Directors of the Company in line with the broad intent of this Policy read with the applicable provisions of the Act, rules and regulations made thereunder, and the SEBI PIT Regulations.

In any circumstance where the terms of this Code differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Code and procedures until such time as this Code is amended to conform to the law, rule, regulation or standard.

In the event of any conflict between the provisions of this Code and the Act or the SEBI PIT Regulations or any other statutory enactments or rules, the provisions of the Act or the SEBI PIT Regulations or other statutory enactments or rules made thereunder shall prevail over to this Code and the part(s) so repugnant shall be deemed to severed from this Code and the rest of the Code shall remain in force.

## **13. AMENDMENTS**

The decision of the Board of Directors with regard to any or all matters relating to the Code shall be final and binding on all concerned. The Board of Directors shall have the power to modify, amend or replace the Code in part or full, as may be thought fit from time to time in their absolute discretion. The Code shall be reviewed annually or at earlier intervals as may be deemed necessary.

**ANNEXURE A**  
APPLICATION FOR ANNUAL TRADING PLAN

Date: \_\_\_\_\_

To,  
The Compliance Officer,  
PNB Housing Finance Limited,  
9<sup>th</sup> Floor Antriksh Bhawan  
22, K G Marg,  
New Delhi-110001

1. Name of the Applicant: \_\_\_\_\_ PAN \_\_\_\_\_
2. No. of securities held in the Company as on date: \_\_\_\_\_
3. Approval sought for: Self  Immediate Relative (IR) [  ]
4. Trading plan belongs for a period of \_\_\_\_\_ months i.e. for a period commencing from \_\_\_\_\_ and ending on \_\_\_\_\_
5. Details of the proposed trade:

S. No.	Nature of transaction (Sale/Purchase)	Date of transaction/period/interval for transaction	Value of trade/ No. of securities transacted	Conditions /Remarks

Undertaking:

- a) I will not commence trading earlier than six months from the public disclosure of the plan.
- b) I do not have overlapping trading plan for the same period.
- c) In the event that I am in possession/knowledge of any information that is construed as "Unpublished Price Sensitive Information" as defined in the Policy, at the time of formulation and approval of this plan but which is not made public at the time of trading as per the approved time schedule in the said plan, I shall inform the Compliance Officer of the same and shall completely refrain from dealing in the securities of the Company until such information becomes public;
- d) I have not contravened the provisions of the Insider Trading Policy as notified by the Company from time to time;
- e) I have made full and true disclosure in the matter.
- f) I undertake to abide by this trading plan once approved and shall furnish such declarations/ disclosures as may be deemed necessary by compliance officer for the monitoring of this plan.
- g) I shall not use this trading plan as a tool for market abuse

Date:

Signature of Designated Employee

For use of Compliance Officer:

Application recd. date	Approval Date	Approval No.	Compliance Officer's signature

Approval granted for Trading Plan for a period of \_\_\_\_\_ months commencing from \_\_\_\_\_ upto \_\_\_\_\_

Notification to Stock Exchange \_\_\_\_\_

Signature: \_\_\_\_\_

Compliance Officer

Note: Please provide all the information. Incomplete forms will not be accepted.

## ANNEXURE B

### FORMAT OF APPLICATION FOR OBTAINING PRE-CLEARANCE APPROVAL

To,

The Compliance Officer,  
PNB Housing Finance Limited,  
9<sup>th</sup> Floor Antriksh Bhawan  
22, K G Marg,  
New Delhi-110001

Dear Sir,

I/We, ..... Directors, Promoters, Key Managerial Personnel and Designated Persons of PNB Housing Finance Limited intend to carry out transaction(s) in Securities of PNB Housing Finance Limited as per the details given below :-

Name:

Department:

PERMANENT ACCOUNT NUMBER (PAN) :

Sl. No.	No. of Securities held (including by dependent family members) as on the date of application.	Folio No./ DP ID & Client ID	Nature of trading	Estimated number of securities to be dealt	Estimated value
1	2	3	4	5	6

In this connection I solemnly confirm and declare:

- (a) THAT I do not have access to nor do I have any information that could be construed as Unpublished Price Sensitive Information as defined in the Code unto the time of signing this undertaking;
- (b) THAT in case I have access to receive Unpublished Price Sensitive Information after the signing of the undertaking but before the execution of the transaction, I shall inform the Compliance Officer of any change in such position and that I shall completely refrain from dealing in the Securities of the Company till the time such information becomes public;
- (c) THAT I have not contravened the "Code of Conduct to Regulate, Monitor and Report Trading by Insiders" for prevention of insider trading as notified by the Company from time to time;
- (d) THAT I shall hold the Securities for a minimum period of 6 (six) months from the date of trade/that I have complied with the requirement of minimum holding period of six (6) months with respect to the securities sold (applicable only in respect of sale transaction).

I hereby solemnly declare that I have made full and true disclosure in this regard to the best of my knowledge and belief.

Pre-clearance may kindly be accorded in terms of the requirement of the 'Code of Conduct to Regulate, Monitor and Report Trading by Insiders', of the Company.

Yours faithfully,

Signature:  
(Name of the Designated Person)

Date:  
Place

**ANNEXURE C**

**FORMAT FOR DISCLOSURE OF TRANSACTIONS EXECUTED/NOT EXECUTED AFTER OBTAINING  
PRE-CLEARANCE**

Date \_\_\_\_\_

To,

The Compliance Officer,  
PNB Housing Finance Limited,  
9<sup>th</sup> Floor Antriksh Bhawan  
22, K G Marg,  
New Delhi-110001

With reference to trading approval granted by the Company to me on \_\_\_\_\_, I hereby inform that I have bought/sold/subscribed for \_\_\_\_\_ equity shares of the Company for Rs. \_\_\_\_\_ on \_\_\_\_\_.

In connection with the aforesaid transaction, please find enclosed copy of the following for your records:

Broker's contract note/Proof of payment to/from brokers/ Extract of bank passbook/statements (in case of demat transaction)/ Copy of Delivery instruction slips (applicable in case of sale transactions)

I hereby undertake to preserve the original copy of the above mentioned document for a period of 5 years and produce to the Compliance Officer/Securities and Exchange Board of India, if required in future.

Yours truly,

Name & Signature:

Designation:

Date:

Place:

Note: After pre-clearance, if the Designated Person opts not to trade in securities should enclose the reasons for taking such decision along with this form.

**ANNEXURE D**

**APPLICATION FOR WAIVER OF MINIMUM HOLDING PERIOD**

Date \_\_\_\_\_

To,

The Compliance Officer,  
PNB Housing Finance Limited,  
9<sup>th</sup> Floor Antriksh Bhawan  
22, K G Marg,  
New Delhi-110001

Dear Sir,

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 and PNB Housing Finance Limited Code of Conduct to Regulate, Monitor and Report Trading by Insiders, I \_\_\_\_\_ (name and designation of the Designated Person) had \_\_\_\_\_ (provide the details of purchase/sale/subscribe for shares as the case may be) \_\_\_\_\_ (number of securities) of the Company on \_\_\_\_\_ after obtaining pre-clearance on \_\_\_\_\_. The details of transaction executed were submitted on \_\_\_\_\_ (date) in format prescribed. I seek your approval to waive off the time restrictions and permit to execute a contra-trade for \_\_\_\_\_ (number of securities) of the Company due to \_\_\_\_\_ (valid reason(s) for executing contra trade).

I declare that I am not in possession of any Unpublished Price Sensitive Information (as defined under the PNB Housing Finance Limited Code of Conduct to Regulate, Monitor and Report Trading by Insiders) up to the date of this application.

I further declare that in case I have access to any Unpublished Price Sensitive Information after the signing of this application and before executing a contra- trade (if permitted), I shall:

1. Promptly inform the Compliance Officer
2. Refrain from trading in securities of the Company.

Yours truly,

Name & Signature:  
Designation:

Date:  
Place:

Enclosed:

1. Copy of pre-clearance approval
2. Copy of execution of previous trade

## ANNEXURE E

## FORM B

SEBI (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (1) (b) read with Regulation 6(2) – Disclosure on becoming a director/KMP/Promoter]

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).

Name, PAN, CIN/DIN & Address with contact nos.	Category of Person (Promoters/ KMP / Directors/immediate relative to/others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Shareholding
			Type of security (For e.g. – Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5	6

*Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.*

Details of Open Interest (OI) in derivatives of the company held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).

Open Interest of the Future contracts held at the time of becoming Promoter/appointment of Director/KMP			Open Interest of the Option Contracts held at the time of becoming Promoter/appointment of Director/KMP		
Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
7	8	9	10	11	12

*Note : In case of Options, notional value shall be calculated based on premium plus strike price of options*

Name & Signature:

Designation:

Date:

Place:



ANNEXURE F

FORM C

SEBI (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (2) read with Regulation 6(2) – Continual disclosure]

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).

Name, PAN, CIN/DIN, & address with contact nos.	Category of Person (Promoters/ KMP /Director s/immediate relative to/others etc.)	Securities held prior to acquisition/disposal		Securities acquired/Disposed				Securities held post-acquisition/disposal		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to company	Mode of acquisition / disposal (on market/public/ rights/ preferential offer / off market/Inter-se transfer, ESOPs etc.)
		Type of security (For e.g. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	Type of security (For e.g.– Shares, Warrants, Convertible Debentures etc.)	No.	Value	Transaction Type (Buy/ Sale/ Pledge / Revoke/ Invoke)	Type of security (For e.g. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	From	To		
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of trading in derivatives of the company by Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).

Trading in derivatives (Specify type of contract, Futures or Options etc.)						Exchange on which the trade was executed
Type of contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
15	16	17	18	19	20	21

*Note: In case of Options, notional value shall be calculated based on Premium plus strike price of options.*

Name & Signature:

Designation:

Date:

Place:

## ANNEXURE G

## FORM D (Indicative format)

## SEBI (Prohibition of Insider Trading) Regulations, 2015

## Regulation 7(3) – Transactions by Other connected persons as identified by the company

Details of trading in securities by other connected persons as identified by the company

Name, PAN, CIN/DIN, & address with contact nos. of other connected persons as identified by the company	Connection with company	Securities held prior to acquisition/disposal		Securities acquired/Disposed				Securities held post- acquisition/dispos al		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to company	Mode of acquisition/disposa l (on market/public/ rights/ Preferential offer / off market/Inter- se transfer, ESOPs etc. )
		Type of securit y (For e.g.– Shares , Warran ts, Conver tible Debent ures etc.)	No. and % of sharehol ding	Type of secur ity (For e.g. – Shar es, Warr ants, Conv ertibl e Debe nture s etc.)	No.	Valu e	Transacti on Type (Buy/ Sale/ Pledge / Revoke /Invoke)	Type of secur ity (For e.g. – Share s, Warr ants, Conv ertible Debe ntures etc.)	No. and % of shar ehol ding	From	To		
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of trading in derivatives by other connected persons as identified by the company

Trading in derivatives (Specify type of contract, Futures or Options etc.)						Exchange on which the trade was executed
Type of contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
15	16	17	18	19	20	21

*Note: In case of Options, notional value shall be calculated based on premium plus strike price of options.*

Name & Signature:

Designation:

Date:

Place:

ANNEXURE H

ANNUAL DISCLOSURE

Transactions by Designated Persons as identified by the Company

Details of transactions executed during the Financial Year \_\_\_\_\_ in securities of the Company

To,

The Compliance Officer,  
PNB Housing Finance Limited,  
9<sup>th</sup> Floor Antriksh Bhawan  
22, K G Marg,  
New Delhi-110001

I \_\_\_\_\_ (name of the Designated Person), \_\_\_\_\_ (designation) of the Company  
residing at \_\_\_\_\_  
(address of the Designated Person) hereby declare that -

The following is the consolidated statement of transactions made during the Financial Year \_\_\_\_\_.

Opening balance of securities of the Company held as on 01.04.20__	Purchase/Sale made during the year	Closing balance of securities of the Company held as on 31.03.20__

\*I was holding ..... (number of securities) securities of the Company on 01 April 20.....(start of the financial year). However, I have not traded in securities of the Company during the Financial Year ended 31 March 20..... (end of the financial year).

Name & Signature  
Designation:

Date:  
Place:

\* Please delete/modify as per the factual position.

**Policy on Responsible Advocacy**

**Introduction:**

We live and operate in a VUCA (volatility, uncertainty, complexity, and ambiguity) world. The financial industry landscape is also undergoing change with ESG gaining traction and the changes are complex, uncertain, fast-paced, and unpredictable.

At PNB Housing Finance Limited (PNBHFL), we believe that it is necessary to represent and engage with stakeholders including authorities on the evolving dynamics to remain relevant in the business, ensure business continuity and de-risking. After careful consideration and with an intent towards sustainable & inclusive growth in changing paradigms from time to time, the Institution may offer opinions and recommendations to the stakeholders on these matters through a structured route/mechanism.

The Policy on Responsible Advocacy specifies the following necessary guidelines to be followed by all employees, relevant contractors engaged by PNBHFL and all partners & associates in all advocacy activities with internal and external stakeholders.

**Guidelines:**

- i. Participate in public policy development and discussion that address issues affecting industry, business, products, customers and other stakeholders.
- ii. Focus on ethics, integrity, transparency, accountability, highest corporate governance standards in all advocacy interactions.
- iii. Ensure that public advocacy position promotes fair competition and respect for human rights.
- iv. The Institution shall promote consensus, co-operation, persuasion, and meaningful interactions instead of conflict on policy and regulatory matters.
- v. Undertake appropriate disciplinary action against any proven instance of non-compliance with this policy.
- vi. Implement grievance redressal mechanisms to support the investigation of any instance of non-compliance with this policy.
- vii. Ensure adherence to anti-corruption and anti-bribery guidelines/policy (available on website) in all stakeholder interactions.

**Policy Applicability**

- i. The Policy applies to all employees of PNB Housing Finance Limited and its subsidiaries and members of the Board.
- ii. This Policy applies to all employees of PNBHFL, members of its Board and its contractors such as agents, public affairs, communications and legal consultants, outsourced personnel, and other third-party representatives, when acting on behalf of PNBHFL.

**Authorized Representatives:**

- i. The Managing Director & Chief Executive Officer (MD & CEO) and/or the Senior Management is authorised to interact with the Government / regulatory authorities from time to time.
- ii. The MD & CEO is further authorised to include any of the leadership team members or any other officials of the Company, as and when required in the said interactions/representations.

**Monitoring of the Policy:**

The Policy shall be reviewed annually or as and when required, whichever is earlier.

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